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September 16, 2005

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Mr. Adam Schwartz, Attorney  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

Re: MUR 5390 (Republican Governors Association)

Dear Mr. Schwartz:

Respondent Republican Governors Association ("RGA") hereby responds, through counsel, to the Commission's August 10, 2005 Factual and Legal Analysis ("F&LA"). The RGA mistakenly treated a corporate contribution as being made personally by an individual executive of that company and, on its own volition, corrected the matter by refunding the contribution to the donor. Although there was no violation of the Act because there is no evidence whatsoever that the RGA's mistake meets the statutory standard of "knowingly" receiving a prohibited contribution – everything in the F&LA supports an innocent mistake.

In late October 2002, while the RGA was completing its transition from being part of the Republican National Committee ("RNC") to being an independent non-Federal political organization under section 527 of the Internal Revenue Code, the RGA received a \$150,000 donation from the Federal Home Loan Mortgage Corporation ("Freddie MAC"). RGA staff mistakenly viewed the contribution as being *personally* from Mitchell Delk, Freddie MAC's Vice-President of Government and Industry Relations, and the RGA initially reported it as such to the IRS. See RGA's Initial October 2002 IRS Form 8872, **Attachment A**. When this mistake was brought to RGA's attention (less than 8 months later), it refunded the \$150,000 contribution to Freddie MAC. See RGA Subpoena Response, Attachment B, and RGA Initial June 2003 IRS Form 8872, **Attachment B**.

The Federal Election Campaign Act prohibits any "candidate, political committee or other person [from] *knowingly* [] accept[ing] or receiv[ing]" a prohibited corporate contribution. 2 U.S.C. § 441b(a) (emphasis added). The RGA did not *knowingly* accept a prohibited corporate

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contribution, as evidenced by the fact that the contribution was fully reported (albeit incorrectly) as an individual contribution. When it came to the RGA's attention that the contribution was in fact not an individual contribution, the RGA promptly refunded the contribution to Freddie MAC.

The RGA is committed to full compliance with all applicable Federal and state election laws, and while this is not an excuse for the RGA staff's mistake in this matter, it is worth noting that the RGA is now well past its initial transition phase from being a constituent part of the Republican National Committee (when the RNC building fund could have lawfully accepted a contribution from Freddie MAC) to a free standing 527 political organization. Three Chairman Governors have since succeeded the chairman who presided during the time period when this error occurred as well as a successive Executive Director. In addition, the RGA recently hired an experienced election law attorney to be its in-house General Counsel. Please be assured that the RGA is taking proactive measures to ensure that a mistake of this magnitude will not occur again and requests that this matter be resolved under terms consistent with the *inadvertent* acts of its previous administration.

Sincerely,

  
Glenn M. Willard

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